

Message Text

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----- 116884

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 125838 TOSEC 020130

EXDIS

E.O. 11652: GDS

TAGS: PFOR, ABLD, US, UR

SUBJECT: ACTION MEMORANDUM - US AND SOVIET EMBASSY
COMPLEXES IN MOSCOW AND WASHINGTON (S/S NO. 7510901)

FOR THE SECRETARY FROM EAGLEBURGER

SECDEL FOR HARTMAN AND SONNENFELDT

1. THE PROBLEM: WE HAVE REACHED THE STAGE WHERE WE NEED
PRESIDENTIAL AND CONGRESSIONAL SUPPORT FOR OUR PLANS TO
CONSTRUCT A NEW EMBASSY COMPLEX IN MOSCOW WHICH WILL COST
ROUGHLY 80 TO 100 MILLION DOLLARS. WE ALSO NEED CONFIRMA-
TION OF OUR DECISION TO RESIST SOVIET PRESSURE TO BEGIN
CONSTRUCTION OF THEIR NEW COMPLEX IN WASHINGTON BEFORE WE
ARE READY TO BREAK GROUND IN MOSCOW, WHICH MAY BE TWO
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YEARS FROM NOW.

2. BACKGROUND/ANALYSIS: SOVIET PROJECT. THE SOVIETS HOPE TO START CONSTRUCTION OF THEIR WASHINGTON EMBASSY PROJECT THIS SUMMER AND WILL PROBABLY TRY TO USE THE BREZHNEV SUMMIT AS LEVERAGE TO OBTAIN OUR PERMISSION TO BREAK GROUND. THEIR FINAL PLANS WILL SOON BE APPROVED AND THEY

HAVE ALREADY ALLOCATED FUNDS FOR THEIR PROJECT, THE COST OF WHICH IS RISING RAPIDLY BECAUSE OF INFLATION.

ALTHOUGH THE 1969 AND 1972 AGREEMENTS ON EXCHANGE OF SITES AND CONDITIONS OF CONSTRUCTION INCLUDE PROVISIONS OF RECIPROCITY AND PARALLEL PROGRESS, THE SOVIETS WANT TO PROCEED WITHOUT WAITING FOR OUR EMBASSY PROJECT TO REACH A SIMILAR STAGE. TO ACCEDE WOULD DESTROY THE LEVERAGE ESSENTIAL TO ELICIT HARD-TO-GET SOVIET COOPERATION IN MOSCOW, AND OUR CAREFUL EXAMINATION OF ALTERNATIVE LINKAGES WHICH MIGHT BE NEGOTIATED AS THE PRICE FOR ALLOWING THE SOVIETS TO MOVE AHEAD REVEALS NO PRACTICAL OPTION. IT IS ALSO CLEAR THAT FAILURE TO INSIST ON STRICT RECIPROCITY COULD JEOPARDIZE NECESSARY CONGRESSIONAL SUPPORT.

3. US PROJECT IN MOSCOW. BEFORE SPENDING AS MUCH AS 2.6 MILLION DOLLARS IN ARCHITECTURAL FEES TO PRODUCE THE FINAL PLANS AND WORKING DRAWINGS FOR OUR MOSCOW COMPLEX WE MUST OBTAIN OMB AND CONGRESSIONAL AGREEMENT TO THE GENERAL OUTLINES OF OUR PROJECT, WHICH IS UNPRECEDENTED IN COST, COMPLEXITY AND SCOPE. OMB HAS SUGGESTED THAT YOU AND THE PRESIDENT CONSIDER THE PROJECT AND THAT WE CONSIDER ALTERNATIVES INVOLVING A SMALLER EMBASSY STAFF AND FEWER FACILITIES.

WE AGREE THAT THE SUPPORT OF THE PRESIDENT SHOULD BE SOUGHT NOW, BUT WE DO NOT AGREE THAT A SMALLER SCALE PROJECT SHOULD BE SUBSTITUTED. THIS WOULD ONLY PERPETUATE THE HANDICAPS UNDER WHICH OUR MOSCOW STAFF MUST WORK, AT A TIME OF UNPARALLELLED OPPORTUNITY FOR ACCESS TO ALL LEVELS OF SOVIET SOCIETY. THE PROJECT AS NOW CONCEIVED PROVIDES OFFICE SPACE AND HOUSING FOR 135 FAMILIES: THE SOVIET EMBASSY IN WASHINGTON EMPLOYS TWICE THAT

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NUMBER.

4. THE PRELIMINARY PLANS FOR OUR MOSCOW PROJECT WERE TURNED OVER TO THE SOVIETS ON FEBRUARY 12; WE ARE STILL AWAITING THEIR APPROVAL. IF THE CONGRESS AND OMB APPROVE OUR PLAN, IN PRINCIPLE, IT WILL TAKE OUR ARCHITECTS SOME SIX MONTHS TO PREPARE THE FINAL PLANS AND WORKING DRAWINGS WHICH MUST THEN BE SUBMITTED TO THE SOVIETS AND REWORKED

TO THEIR SPECIFICATIONS. THIS PROCESS, TOGETHER WITH NEGOTIATIONS ON COSTS, STAGING OF CONSTRUCTION AND OTHER MATTERS COULD LAST A YEAR OR MORE, WHICH WOULD MEAN GROUNDBREAKING NO EARLIER THAN 1977.

5. RECOMMENDATIONS:

A. THAT YOU CONFIRM THE POLICY OF RESISTING SOVIET REQUESTS TO EXCHANGE SITES AND BEGIN CONSTRUCTION PRIOR TO THEIR APPROVAL OF OUR FINAL PLANS FOR MOSCOW AND SUCCESSFUL NEGOTIATIONS WITH SOVIET CONTRACTORS.

B. THAT YOU APPROVE OUR PROPOSED MEMORANDUM FOR THE PRESIDENT (SEE TAB), SEEKING HIS SUPPORT FOR THE MOSCOW PROJECT AND NOTING OUR INTENTION TO TURN BACK SOVIET REQUESTS TO BREAK GROUND BEFORE WE ARE READY TO START CONSTRUCTION IN MOSCOW.

C. THAT YOU AUTHORIZE INFORMAL APPROACHES TO KEY CONGRESSIONAL CHAIRMEN AND MEMBERS SEEKING THEIR SUPPORT FOR OUR MOSCOW PROJECT.

ATTACHMENT:

-- MEMORANDUM FOR THE PRESIDENT

DRAFT MEMORANDUM FOR THE PRESIDENT FROM THE ACTING SECRETARY

SUBJECT: PROPOSED MOSCOW EMBASSY COMPLEX

WE HAVE COMPLETED AND PRESENTED TO THE SOVIETS PRELIMINARY PLANS FOR A NEW EMBASSY COMPLEX IN MOSCOW. OUR CURRENT MOSCOW OFFICE, HOUSING AND SUPPORT FACILITIES ARE DISCONFIDENTIAL

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GRACEFULLY INADEQUATE. A SIMULTANEOUS SOVIET NEED FOR NEW FACILITIES IN WASHINGTON HAS GIVEN US A ONE-TIME OPPORTUNITY TO ELICIT SOVIET COOPERATION FOR THE CONSTRUCTION OF A COMPREHENSIVE COMPLEX OF BUILDINGS IN MOSCOW. THIS COMPLEX CAN SATISFY OUR OPERATIONAL REQUIREMENTS AND LARGELY FREE US FROM DEPENDENCE ON SOVIET SUPPORT.

THE NEED TO SEIZE THIS OPPORTUNITY AND TO INTEGRATE ALL OF OUR MOSCOW PROPERTY REQUIREMENTS INTO ONE PROJECT WILL MAKE THIS AN EXPENSIVE UNDERTAKING. ALSO, WE MUST IMPORT A SIGNIFICANT PERCENTAGE OF MATERIALS AND WORKMEN IN ORDER TO AVOID THE POOR QUALITY AND "BUGS" SO OBVIOUS IN THE CONSTRUCTION OF OUR PRESENT EMBASSY, AND THIS WILL ADD TO THE EXPENSE. WE NOW ESTIMATE THAT THE ENTIRE PROJECT

WILL COST ROUGHLY 80 TO 100 MILLION DOLLARS. WE ARE CONVINCED, HOWEVER, THAT THE PLANS PREPARED BY OUR ARCHITECTS ARE THE PROPER SOLUTION TO OUR FACILITY REQUIREMENTS IN MOSCOW, THAT THE COST PER SQUARE FOOT OF SPACE IS COMPARABLE TO PROJECTS AT OTHER HIGH-COST AREAS, AND THAT ANY ATTEMPT TO SCALE DOWN OR POSTPONE THE PROJECT WOULD RESULT IN INADEQUATE FACILITIES OR GREATER ULTIMATE COST, OR BOTH.

THE PRINCIPLES OF RECIPROCITY AND PARALLEL PROGRESS IN OUR RESPECTIVE EMBASSY PROJECTS CONTAINED IN OUR 1972 AGREEMENT WITH THE SOVIETS ON QUOTE CONDITIONS OF CONSTRUCTION UNQUOTE PROVIDE THE LEVERAGE WE MUST HAVE TO ASSURE SOVIET COOPERATION. TO MAINTAIN PARALLEL PROGRESS, WE URGENTLY REQUIRE OMB AND INFORMAL CONGRESSIONAL COMMITTEE CONCURRENCE IN THE FUNDING OF OUR FINAL DESIGN PLANS AND A COMMITMENT IN PRINCIPLE TO PROVIDE THE NECESSARY CONSTRUCTION FUNDS. WE MUST ALSO BE PREPARED TO RESIST LIKELY SOVIET EFFORTS TO PUSH THEIR OWN PROJECT TO A MORE RAPID CONCLUSION, THEREBY DEPRIVING US OF LEVERAGE IN MOSCOW. THUS WE SHOULD CONTINUE TO HOLD TO THE PRINCIPLE THAT NEITHER SIDE WILL BEGIN CONSTRUCTION UNTIL BOTH SETS OF FINAL DESIGN PLANS HAVE BEEN APPROVED AND THE PRELIMINARY DISCUSSIONS WITH GENERAL CONTRACTORS, PROVIDED FOR IN THE CONDITIONS OF CONSTRUCTION AGREEMENT, CONFIDENTIAL

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HAVE BEEN HELD.

IN THE NOT UNLIKELY EVENT THAT THE SOVIETS SUGGEST A GROUND-BREAKING BY BREZHNEV DURING HIS COMING VISIT, WE SHOULD SAY THAT THIS IS PREMATURE.

RECOMMENDATION:

THAT YOU APPROVE IMMEDIATE OMB AUTHORIZATION OF FINAL DESIGN FUNDING NOT TO EXCEED 2.6 MILLION DOLLARS FOR THE MOSCOW PROJECT AS NOW ENVISAGED, AND THAT YOU AUTHORIZE ME TO SEEK CONGRESSIONAL CONCURRENCE IN THIS UNDERTAKING.

--- APPROVE DISAPPROVE

6. CONCURRENCE: EUR - MR. ARMITAGE, A - MR. THOMAS,
C - MR. KELLY. INGERSOLL

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